

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS****FIDUCIARY FUNDS**

FISCAL YEAR ENDED SEPTEMBER 30, 2006

(In Thousands)

	PENSION (AND OTHER EMPLOYEE BENEFIT) TRUST FUNDS	PRIVATE PURPOSE TRUST FUNDS
<b>ADDITIONS</b>		
Contributions:		
From participants	\$ 817,227	\$ 287,556
From employers	2,433,658	-
From clients	-	42,443
From gifts, bequests, and endowments	-	423
From other plans	5,803	-
From other governmental	65	-
Investment Income:		
Net appreciation (depreciation) in fair value of investments	5,367,313	48,555
Interest, dividends, and other	1,444,980	56,349
Securities lending income	202,043	110
Less Investment Expense:		
Investment activity expense	71,124	4,255
Securities lending expense	194,449	108
Net investment income (loss)	6,748,764	100,651
Escheated property	-	45,274
Miscellaneous income	4,509	937
Total Additions	10,010,026	477,286
<b>DEDUCTIONS</b>		
Benefits paid to participants or beneficiaries	3,885,135	59,145
Medical, dental, and life insurance for retirants	1,031,945	-
Refunds and transfers to other systems	24,584	-
Amounts distributed to clients, claimants, or third parties	-	92,542
Administrative expense	95,466	6,950
Transfers to other funds	126	-
Total Deductions	5,037,257	158,637
Net increase (decrease)	4,972,770	318,648
Net assets - Beginning of fiscal year	55,802,077	1,196,993
Net assets - End of fiscal year (Note 10)	\$ 60,774,847	\$ 1,515,641
Reconciliation of Net Increase in Assets:		
Net increase (decrease) in assets held in trust for pension benefits	\$ 4,616,789	\$ -
Net increase (decrease) in assets held in trust for postemployment benefits	116,020	-
Net increase (decrease) in assets held in trust for deferred compensation participants	239,961	-
Net increase (decrease) in assets held in trust for other purposes	-	318,648
Total net increase (decrease)	\$ 4,972,770	\$ 318,648

The accompanying notes are an integral part of the financial statements.